

## ANNUAL MESSAGE

GOV. R. A. COOPER

(Continued From Page 1.)

arriving at a working basis and in order to have a definite proposition on which to proceed, the following is suggested:

1. That the income of persons and of corporations be taxed separately.

2. That the income returns as used by the United States government, with certain modifications which will simplify the manner of making returns, be employed as the basis for the state.

3. That the following exemptions be allowed, to wit: \$1,000.00 for a single person, \$2,000.00 for a married person or for the head of a family, and \$200.00 additional for each dependent.

4. The adoption of a graduated tax on personal incomes, as follows:

(a) On net income over the amount of exemption up to \$3,000.00—one-half of one per cent.

(b) On excess of taxable net income over \$3,000 and up to \$5,000.00—one per cent.

(c) On excess of taxable net income over \$5,000.00 and up to \$10,000.00—two per cent.

(d) On excess of taxable net income over \$10,000.00 and up to \$50,000.00—three per cent.

(e) On excess of taxable net income over \$50,000.00—four per cent.

5. That a moderate tax of three per cent be imposed on such proportion of the entire net income of both foreign and domestic corporations as corresponds to the amount of their business transacted within the state of South Carolina. (This information can be readily obtained from the federal government.)

6. That income of non-residents from sources within the state be taxed at the same rate as the income of residents.

7. That dividends from corporations, whether paid in cash or stock, be included in taxable income.

8. That taxes paid either to the United States or the state be allowed as a deduction.

9. That the state tax commission be required to administer the law.

10. That penalties be provided for delinquency.

11. That in case of delinquency, the tax be made collectible by warrant issued by the comptroller general to the proper officer.

For the fiscal year ending June 30, 1920, the federal government collected from the state of South Carolina income and excess profit taxes in an amount exceeding twenty-five million dollars. This proves to my mind that we are not so impoverished that sufficient funds can not be raised to defray the expenses of our own governmental activities. It is true that with the conditions existing now, a much smaller sum will be required.

## Inheritance Tax

The fact that Alabama, Florida, Mississippi, New Mexico, and South Carolina are the only states in the union which do not tax inheritances indicates that this form of taxation is approved not only by scientific opinion but by popular sentiment as well. The validity of such a tax can not be questioned, and of all taxes the one on inheritances is the least burdensome to the taxpayer. There is no reason, constitutional or otherwise, why an inheritance tax law should not be enacted by this session of the general assembly, and I earnestly recommend the passage of the bill submitted by the special committee on revenue and taxation. The following figures from the United States bureau of the census, financial statistics of states, 1919, show the amount of revenue received from inheritance taxes in other states:

South Atlantic States.	
South Carolina	\$56,506
Delaware	347,588
Maryland	152,391
Virginia	238,840
West Virginia	400,866
North Carolina	190,809
Georgia	777,007
Florida	13,977,536

Selected Northern and Western States.	
New York	5,917,235
Massachusetts	5,646,538
Pennsylvania	3,854,509
New Jersey	3,409,911
California	777,007
Wisconsin	936,611
Kentucky	907,434
Missouri	907,434

## Business and Privilege Licenses

The per cent of revenue received from corporation and privilege licenses in South Carolina is very much smaller than that received by any of the other Southern states, and is actually smaller than in any state in the union, except five Western states. The following figures compiled from the United States bureau of the census, financial statistics of states, 1919, show conclusively that we should receive more revenue from this source:

Business and Non-Business Licenses.

	Per Capita Receipts.	Per Cent. of Total Receipts.
South Carolina	\$0.18	7.2
Delaware	0.22	61.2
Maryland	2.63	32.4
Virginia	2.02	29.3
West Virginia	1.15	36.9
North Carolina	0.58	21.8
Georgia	0.31	11.4
Florida	0.89	19.3
South Atlantic states	1.03	27.5
New England states	2.73	22.9
Middle Atlantic states	2.13	25.8
East North Central states	1.45	24.0
West North Central states	1.55	22.2
East South Central states	0.70	18.0
West South Central states	0.94	18.3
Mountain states	1.14	11.7
Pacific states	3.27	36.2
All states	1.62	25.3

It is, therefore, earnestly recommended that this general assembly enact a corporation and privilege license law, based upon the general plan adopted by the state of Virginia.

It is further recommended that a consumption tax on gasoline, tobacco and soft drinks should be provided for. One cent per gallon on gasoline would yield approximately four hundred thousand dollars; one-half of one per cent, to be collected from wholesaler, broker or jobber on soft drinks, tobacco, etc., would yield a considerable sum.

This whole subject is so thoroughly discussed in the report of the special committee on revenue and taxation that I do not feel it essential to go into details. I concur in the view of the committee that the constitution of the state be amended so as to authorize the legislature to classify property for taxation with a view to distributing the tax burden upon all property according to the principle of taxing ability, and earnestly urge the passage of such an amendment at this session.

If the operation of the proposals herein will decrease the actual amount of taxes paid by the owner of property, cause persons who have heretofore escaped the responsibility of taxation to pay their share, and at the same time provide sufficient revenue for financing the state government in a decent sort of way, what then can be the objections? In order to show the operation of the recommendations contained herein, so far as the income tax is concerned, the following examples have been selected to illustrate the result when applied to the actual taxpayer:

1. "A" owns a home which has been assessed at \$4,000.00 and a stock of merchandise assessed at \$8,000.00. A tax levy of twelve mills would require "A" to pay on his property taxes the sum of \$144.00. Now, suppose that "A's" net income for the year was \$5,000.00, and that his dependents were a wife and two children. Under the proposed plan he would pay:

(1) The property tax of 9 mills, or \$108.00

(2) An income tax of 1-2 of 1 per cent, on all over his exemption, or \$12.00

Making a total of \$120.00

It will be seen that "A" will pay a property and income tax totaling \$120.00 less than he would pay under the present system. This difference would, necessarily, be paid by someone who has heretofore escaped taxation.

2. "B" has a family of four (a wife and three children), and he operates a farm and a country store. The farm and merchandise business are assessed at \$20,000.00. With a state tax levy of 12 mills he would be required to pay taxes in the amount of \$240.00. Under the plan recommended, and assuming that his income was \$8,000.00 a year, he would pay as follows:

(1) Nine mills on \$20,000.00, or \$180.00

(2) Income tax of 1 per cent, on all over exemption, or \$4.00

A total tax of \$184.00

In this case "B" would pay \$56.00 less on both property and income than he is paying under our present system. This difference, of course, would be paid by someone who is not now paying taxes.

3. A broker maintains an office which is furnished with \$1,000.00 of office equipment, and he makes an annual profit of \$20,000.00. Under the present system of taxation he would pay 12 mills on \$1,000.00 for the support of the state government, or \$12.00 taxes. Under the proposed plan he would pay property tax in the sum of \$9.00 and income tax in the sum of about \$500.00.

In this case the sum of nearly \$500.00 would be transferred from the tax on property owners to the

broker who has heretofore escaped the responsibility of taxation.

4. A physician, living in the city, owns no property except his home, an automobile and professional equipment, which have been assessed at \$12,000.00, and his annual income is something like \$30,000.00. Under our present system his income escapes taxation and he would pay property taxes of about \$144.00. Under the proposed plan the physician would pay property tax of about \$108.00 and an income tax of about \$1,500.00. This substantial increase represents an amount which would be transferred from the property owner's tax to the physician's income, which has heretofore escaped taxation.

5. An attorney owns no property except his office equipment and law library, which has been assessed at \$500.00, and his annual income is about \$10,000.00. Under our present system of taxation this attorney would pay property taxes in the sum of about \$6.00; whereas, under the proposed system he would pay property and income taxes of about \$250.00, which amount would represent a just transfer from the taxes of property owners to the income of the attorney who has heretofore not paid his share of the cost of government.

These examples will serve in a measure to illustrate the practical operation of the legislation recommended, and, in my opinion, will aid in securing the necessary amendment to the constitution to bring about a complete reform in the entire tax system. When you submit to the electors of the state a proposition to amend the constitution, your appeal would be more effective if you have an actual demonstration of your purpose. I agree fully with the legislative committee on revenue and taxation that there "can be no sound, sane, thorough-going reform of the tax system of the state until the constitutional restrictions upon the power of the general assembly in relation to the general property tax is removed," but it seems to me that it would be a mistaken policy to defer the enactment of such legislation as is permitted by the constitution until the constitution has been amended. If the proposals which I have made can be enacted into law now, such enactment will be the best assurance of our future success and the best evidence of our ability to distribute taxes in a way as to relieve the present excessive levy on tangible property.

The budget for the fiscal year 1921 must provide more money for public education. A careful estimate of the amount of money needed to carry out the provisions of existing law shows that the state, if it meets its obligation to the various school districts, must appropriate a sum in excess of two million dollars. This money must be raised from some source, or it will be necessary for the state to take a backward step and neglect her educational interests which is the basis of a happy and prosperous people. The acceptance of the latter alternative is to my mind inconceivable and would mean immediate stagnation. We can not overlook the fact that South Carolina already occupies an unfavorable position in the matter of education. Retrenchment is not only inadvisable but necessary in many of our departments and activities, but failure to provide adequate educational facilities for the people is not economy but a most reckless extravagance. In order properly to support the best interests of the public schools, you must include a sum sufficient to maintain adequately the institutions for higher education. The college is the source of supply for the talent necessary to direct the primary schools. Our colleges are at present overcrowded, and unless the depression of business shall continue for a longer period than is anticipated, this crowded condition is likely to continue. There is still a shortage of competent teachers; the present tax levy is, as I have already stated, excessive; the property taxpayer is justly complaining of his burden; and finally we can find other sources of revenue, the institutions and interests of the state must inevitably suffer. It is for these reasons that I urge, with so much earnestness, the enactment of additional revenue legislation at this session.

What are some of the benefits which the people of South Carolina receive from taxation? The state provides education for all of our children; college and university instruction for our young men and women; special education for the deaf and blind; it provides institutional care for neglected and illegitimate children; treatment for the unfortunate insane; correctional care for the criminal; training for the feeble-minded; a practical education for our delinquent adolescent youths; protection against the ravages of tuberculosis and other contagious and infectious diseases; it gives police protection to our industries, as well as the citizen, and provides (too inadequately, it is true) for our fire-fighters, soldiers, and through the instrumentality of the courts, a means for the protection of property rights, as well as the security of the person. These benefits are essential to the welfare of society and are far greater than those which we receive from the federal government. The poor man on whom fortune, for some reason, has not smiled and who earns his bread by the sweat of his brow, has but one source to which he can look for the education of his children and the protection of their health, and that source is the state. The state's ability to meet its obligation in this respect is dependent on its revenue.

I have no apology to make, here or elsewhere, to any man or woman, high or low, rich or poor, for my unwavering advocacy of an adequate provision for the education of our people and the protection of their health. I believe these obligations rest upon the state and that it is the solemn duty of all citizens to contribute to the support of this service in proportion to their respective abilities. I shall a little later address you more directly on the matter of education.

## The Budget System

At the session of 1919, the legislature enacted what is commonly known as the budget law. Under this law it is the duty of the governor to submit to the legislature an itemized plan of all proposed expenditures for the several state departments, bureaus, boards, commissions, institutions and agencies, classified by function, charter and object. This law should not be misunderstood. It does not give to the governor any legislative power, but simply requires him to submit an informative document to the legislature in order that the members of the general assembly may have an intelligent understanding of the fiscal affairs of the state. If you conclude that any department is being extravagantly operated, the budget will enable you to point out the item in which the extravagance appears, and if it becomes necessary to decrease an appropriation for any activity you can determine how such a decrease will affect the operation of the activity. A careful plan for all expenditures, based upon the policy of pay-as-you-go and full information as to the details, objects and items of expenditure, are the determining factors of the scientific principle of the executive budget. It has been a custom for years for the departments and institutions to exceed their appropriations or create current deficits without any authority of law. Last year the legislature was called upon to make deficiency appropriations in a sum exceeding one quarter of a million dollars. I call your attention to the fact that the fiscal year 1920, the first year in which our budget system was in operation, was closed without a single request for a deficit appropriation. An accomplishment like this proves beyond question that business methods can be applied to the operation of the state government, and I believe that this accomplishment will commend itself very strongly to both the members of the legislature and the taxpayers.

## Permanent Improvements

Heretofore, it has been the policy of this state to provide for necessary improvements in the state from our annual budget. This is one reason why the annual tax levy has increased as it has. I believe the legislature should ascertain what is absolutely necessary in the way of permanent improvements during a period of ten years and submit to the electors of the state the question of a bond issue sufficient to take care of such improvements and distribute the cost through a period of years, rather than provide for it in annual levies. I have requested the different institutions to submit estimates along this line, and I am submitting

## To prevent a cold take 666.—Adv.

## CITATION OF LETTERS OF ADMINISTRATION

The State of South Carolina, County of Newberry.—By W. F. Ewart, Probate Judge.

Whereas, George S. Ruff has made suit to me to grant him Letters of Administration of the estate and effects of John S. Ruff, deceased.

These are, therefore, to cite and admonish all and singular the kindred and creditors of the said John S. Ruff, deceased, that they be and appear before me, in the Court of Probate, to be held at Newberry, S. C., on Wednesday, January 26, next, after publication hereof, at 11 o'clock in the forenoon, to show cause, if any they have, why the said administration should not be granted.

Given under my hand this 8th day of January Anno Domini 1921.

Newberry, S. C., from time to time as called for up to April 1, 1921, and in the approximate amounts shown below. Only bids on all items will be received. Contract to be awarded to the lowest responsible bidder. Right to reject any and all bids.

500 bushels feed oats.  
100 bushels feed corn.  
4 barrels first patent flour in cloth.  
25 gallons Karo molasses, in cans.  
12 pounds Luzianne coffee.  
10 tons No. 1 Timothy hay.  
800 pounds fat back.  
100 pounds rio bacon.  
15 bushels peas.  
200 pounds salt.  
1 case cooking soda.  
60 bushels meal.  
2 cases salmon.  
2 cases trips.  
190 pounds Brown Mule chewing tobacco.

50 pounds granulated sugar.  
160 pounds ham.  
50 pounds compound lard.  
25 pairs work shoes.  
5 kegs nails, 40s and 60s.  
10 suits of heavy underwear.  
4 dozen pairs heavy work socks.  
1 dozen boxes 5 cent pepper.

GEORGE P. BOULWARE,  
Chairman Highway Commissioners of Newberry County.

Separate sealed bids invited for 300,000 feet lumber, white and post oak and long leaf heart pine, to be delivered at the mills.

GEORGE P. BOULWARE,  
Chairman Highway Commissioners of Newberry County.  
1-11-19-21.

## TAX RETURNS

I, or an authorized agent, will be at the following places named below for the purpose of taking tax returns of personal property for the fiscal year 1921:

Whitmore, Tuesday, January 4.  
Glen-Lowry, Wednesday, January 5.

Kinards, Thursday, January 6.  
Longshores, Friday, January 7.  
Chappells, Monday, January 10.  
P. N. Boozey's store, Tuesday, January 11.

Silverstreet, Wednesday, January 12.  
St. Lukes, Thursday, January 13.  
O'Neal, Friday, January 14.

Prosperity, Monday and Tuesday, January 17 and 18.  
Little Mountain, Wednesday, January 19.

Jolly Street, Thursday, January 20.  
Pomaria, Friday, January 21.

Glynnville, Monday, January 24.  
J. L. Crooks' store, Tuesday, January 25.

Peak, Wednesday, January 26.  
Maybinton, Thursday, January 27.

And in the auditor's office in the court house until February 20, after which date 50 per cent. penalty will be added.

The law requires a tax on all notes and mortgages and moneys.  
There is a capitation tax on all dogs of one dollar and twenty-five cents.

All male persons between the ages of twenty-one and sixty years are

liable to pay a poll tax of one dollar unless otherwise exempt. Persons claiming exemption from poll tax on physician's certificate should secure certificate of recent date.

All male persons between the ages of 18 and 50 years are liable to pay a road tax of six dollars, except those residing in incorporated towns and cities, and should make return of same.

All persons owning property in more than one school district will be required to make return in each district as the tax books are made up by school districts instead of townships.

Be careful to state whether you have bought or sold real estate during the year 1920.

J. B. HALPAGRE,  
County Auditor.

## NOTICE

Whereas, stock certificate 163 in the Peoples National Bank of Prosperity, South Carolina, for one share of stock, which said certificate is the property of the undersigned, has been lost:

Notice is hereby given that the undersigned will apply to the Peoples National Bank of Prosperity, South Carolina, on January 17, 1921, for a new certificate of stock to be issued in lieu of the above certificate, which has been lost.

(Signed) Mrs. S. S. Tillman,  
Trenton, S. C.

Trenton, S. C., Nov. 30, 1920.  
12-3-6t.

666 breaks a cold quicker than any remedy we know.—Adv.

## Attractive Winter Resorts in the South

Best reached by the

## SOUTHERN RAILWAY SYSTEM

Through Pullman Service to the Principal Cities and Resorts of the South

Winter Tourist Tickets on Sale October 1, 1920 to April 30, 1921. Final limit May 31, 1921.

Southern Railway System Dining Car Service

Information as to fares and schedules may be secured upon application to nearest Ticket Agent.

S. H. McLEAN,

District Passenger Agent,  
Columbia, S. C.

## WOOD SAWING MACHINE

Do not forget that when you buy our Type "W" Drag Saw machine, cut of which you have seen in the paper, that you buy one with Bosch Magneto, and which alone sells for about \$40.00. This machine is also controlled by lever and Friction Clutch, which prevents stopping of Engine every time you wish to stop the Saw. And last but not least this machine sells for no more than the machines that are not equipped with Bosch Magneto, and do not have Lever Control.

## COLUMBIA SUPPLY COMPANY

823 West Gervais St. Columbia, S. C.

## Robert E. Lee

January 19th—we celebrate the 114th Anniversary of the birth of Robert E. Lee, General, Gentleman and Scholar.

Lee's loyalty to that which he believed right, the acknowledged purity of his motives, his earnest Christianity and the virtues of his private life, are qualities responsible for the universal love and respect the people hold for him.

In his honor this Bank will remain closed all day.

## The National Bank of Newberry

Newberry, South Carolina

B. C. MATTHEWS, President. T. K. JOHNSTONE, Cashier. W. W. CROMER, Assistant Cashier.

State, County and City Depository

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